

# Chapter 1 Section 2

## The Importance of Marketing

### What You'll Learn

- The benefits of marketing
- The meaning of economic utility
- The five economic utilities and how to distinguish the four that are related to marketing

# Economic Benefits of Marketing

- Marketing **bridges the gap** between you and the maker or seller of an item



# Economic Benefits of Marketing

## New and Improved Products --

businesses look for opportunities to please the customer

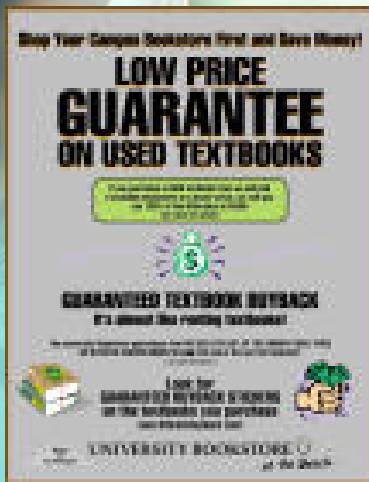






# Economic Benefits of Marketing

**Lower Prices** – marketing activities add value and increase demand. When demand is high, manufacturers can produce at a lower price. They can sell at a lower price but increase the quantity sold. Thus, profits are higher even though prices are low.



# Economic Benefits of Marketing

- It adds VALUE



# Added Value = Utility

In economic terms, utility does not mean your closet or the electric company.



5' Wide Closet





# Added Value = Utility

Attributes of a product or service that make it capable of satisfying consumers' wants and needs.

There are five types of Utility:



# Form Utility

Changing raw materials or putting parts together to make them more useful – making and producing things.



- Sand into glass
- Wood into paper
- Silk into fabric



# Place Utility

Having a product where customers can buy it.



# It Involves

- Location – may be through a catalog or at a retailer (actual store) – or, Internet.
- Transporting the product to the location.





# Time Utility

Having a product available at a certain time of year or a convenient time of day.

- Planning and ordering
- Time of day and week
- Time of year: holidays and seasons





# Possession Utility

The exchange of a product for some monetary value.

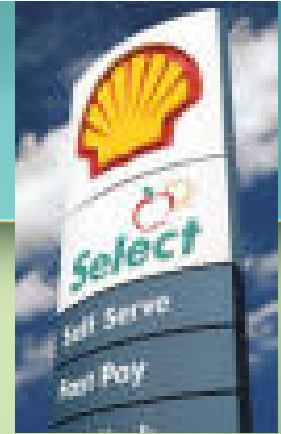




Payment may be made by

- Cash
- Personal checks
- Credit cards
- Installments  
(layaway)

# Information Utility



Involves communication with the consumer.



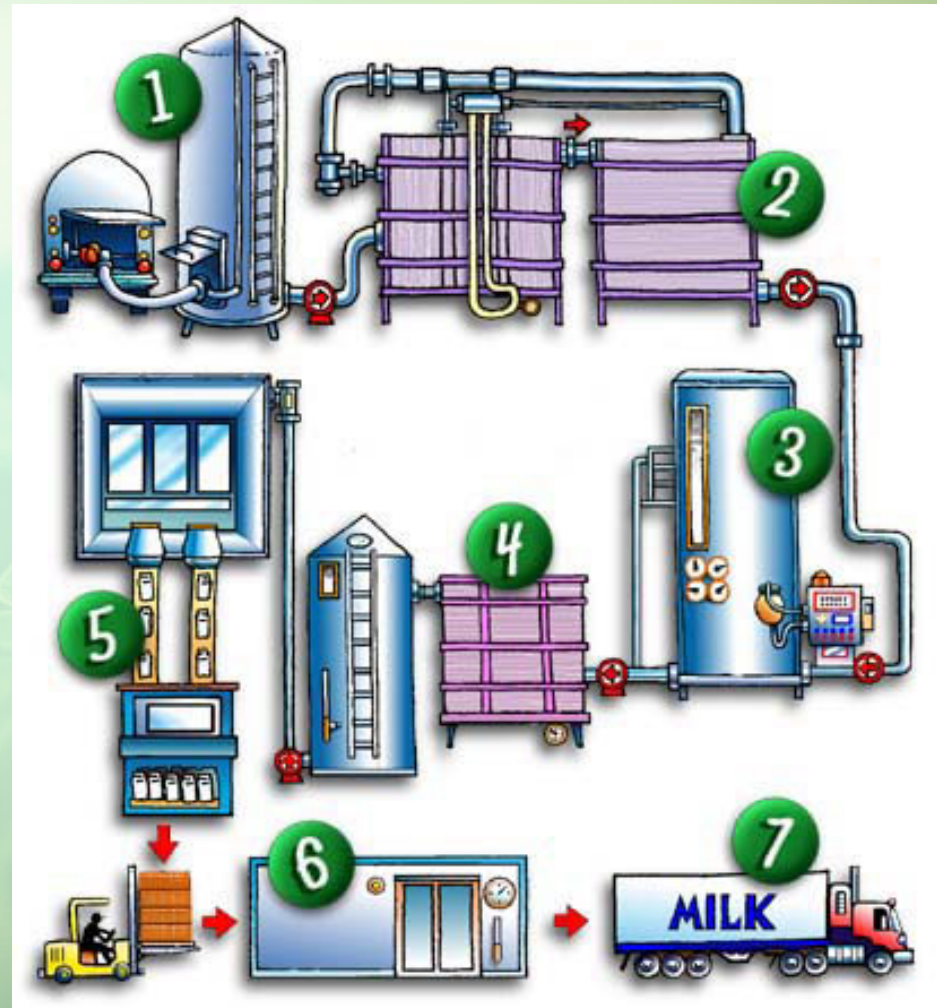
- ads
- packaging
- signs
- displays
- owner's manuals





# Which types of utility are related to marketing?

**Form** utility is a function of production, NOT marketing



# These utilities ARE directly related to marketing:



- Place
- Time
- Possession
- Information

